GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

III & C Dept- Guidelines for denotification of SEZ area in Andhra Pradesh- Orders-Issued.

INDUSTRIES, INFRASTRUCTURE, INVESTMENT AND COMMERCE (INFRA) DEPARTMENT

G.O.MS.No. 74 Dated: 05-09-2019
Read the following:

From the Commissioner of Industries, Vijayawada Single File No.INC02-19021/5/2019-AD-INFRA-DOI, dated. 03-09-2019.

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ORDER:

SEZs were created under SEZ Act 2005, as duty-free enclaves with streamlined procedures, tax breaks and good infrastructure to attract investors in export oriented industries. However, SEZs became unattractive due to the imposition of various taxes and non-applicability of trade related benefits to SEZ Units Viz Minimum Alternative Tax (MAT), Duty Drawback and Customs Duty, Non Applicability of Trade related benefits.

2. With increasing interest of global manufacturers to serve domestic needs, demand for Industrial Parks in Domestic Tariff Area (DTA) has been accelerating. In order to improve utilization of resources, especially land required for industrialization, it is felt necessary to put in place guidelines to denotify / convert SEZ land into DTA.

3. Government after careful examination of the proposal of Commissioner of Industries in the reference read above, hereby approve the following guidelines for denotifying/ converting SEZ land into DTA.

1. **Criteria for SEZ denotification or conversion to Domestic Tariff Area (DTA)**

The criteria for denotification of SEZ land or conversion of SEZ land to DTA is as follows:

i. Land (or part of the land) must be acquired for the purpose of SEZ
ii. If there are any units functioning in the area to be denotified, the NOC from such units needs to be furnished.
iii. The land, being proposed to be converted to DTA, shall have minimum 25 meters wide means of access. The area shall be free from all encumbrances and should be contiguous.
iv. SEZ area should be contiguous after denotification
v. SEZ area after partial denotification, should conform to all guidelines (including minimum land requirement and minimum built-up area requirement) of SEZ rules from time to time.

vi. A firm commitment from the SEZ Developer and from the SEZ Units functioning in the area proposed for denotification to deposit in favour of Government of Andhra Pradesh an amount equivalent to the tax/duty exemption, land based benefits availed, benefits availed from GoAP during development of SEZ which includes among others common infrastructure facilities etc.
vii. Reimbursement of any other benefits availed as an SEZ under any GoAP Scheme
viii. Number of unit(s) in the zone have been de-bonded
ix. The land parcel after denotification shall confirm to land use guidelines/ master plans of GoAP.
x. The denotified parcel would be utilized towards creation of infrastructure which would sub serve the objectives of the SEZ as originally envisaged.

2. Process of denotification/conversion to domestic tariff area (DTA)

i. The SEZ Developer shall submit a Proposal for Denotification to Development Commissioner/III & C Department duly justifying the need to convert the SEZ land into Domestic Tariff Area. The Development Commissioner verifies the proposal and confirms the availability of requisite documents and also reviews the benefits availed from Gol.
ii. The Development Commissioner then forward the proposal to Prl. Secretary /Secretary, 111 & C Department along with the enclosures to evaluate.
iii. GoAP will forward the proposal received from the Developer /DC to Commissioner of Industries and APIIC to evaluate the proposal received for denotification in terms of the benefits availed from the State Govt.
iv. Post receipt of the proposal, Commissioner of Industries /APIIC shall send a detailed report in terms of section 1 of the guidelines with firm commitment from the SEZ Developer and from the SEZ Units functioning in the area proposed for denotification to deposit an amount to Government of Andhra Pradesh, covering the following benefits:
    a. In case of lands allotted by Govt, at concessional rate, the difference between the concessional rate of allotment and the present market value of the land proposed to be denotified shall be considered as the benefit passed to the Developer and the same shall be part of such remittances
    b. Stamp Duty and Land Conversion Charges availed, if any
    c. Taxes and other benefits availed from the State Government Schemes
    d. Common infrastructure facilities availed and quantification of the same
v. Post receipt of the evaluation report from the APIIC and Commissioner, of Industries GOAP shall examine the proposal and issue 'No Objection Certificate' to Development Commissioner
vi. After obtaining the approval and 'No Objection Certificate' from Prl.Secretary of Industries, GoAP, the Development Commissioner will submit Form II to the Board of Approval.
vii. Gol will examine the proposal based on the recommendation made by GoAP for Denotification.

3. Enclosures to be attached to the request for De-Notification of SEZ land:

i. State Government Recommendations for setting up of SEZ.
ii. Approval of the GoI for setting up of SEZ.
iii. Layout map of the SEZ approved by the GoI.
iv. Details of utilization of SEZ land, investment and unit wise committed & realized employment.
v. Layout map of the SEZ showing earlier De-Notified area in different colours.
vi. Approvals of the GoI for earlier De-Notifications.
vii. Details of utilization of earlier De-Notified area in terms of land allotted, investments made and unit wise committed & realized employment.

4. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd, the Commissioner of Industries and the Development Commissioner, VSEZ, Visakhapatnam shall take further necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

RAJAT BHARGAVA
PRINCIPAL SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Plot No.1, IT Park, Mangalagiri, Guntur district, A.P-522503(w.e)
The Commissioner of Industries, A.P., Government Regional Printing Press, Mutyalampadu, Vijayawada.
The Development Commissioner, VSEZ, Duvvada, Visakhapatnam-530046
Copy to:
The P.S to Hon'ble Minister for Industries & Commerce and IT Department
The P.S. to Principal Secretary to Government & CIP, III & C Department.
SF/SC.

//FORWARDED BY: ORDER//

SECTION OFFICER